



City of Novi

2026 Bond Issuance Process and Market Update

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Factors Impacting Series Amounts and Timing

- As previously discussed, there are several factors or variables that impact the timing of the issuance of the \$120 million voter authorized bonds within a targeted 1 mill maximum debt levy.

When funds Needed?

- How much funds are needed when?
- How quickly will funds be spent?
- Can they be spent within federal tax law limitations?
- What are the implications on the millage to be levied?

Term / Years of Debt Levy

- Pre-election estimates used 2 series with 25-year term limits, resulting in 27 years of tax levies
- Shorter issuance timing will reduce the number of years the millage is levied
- Single series bond issuance would limit levy term to 25 years

Taxable Value Growth Rates

- 2025 Taxable Value Growth = 5.24%
- Impact of reduced CPI on future growth rates
- What level of taxable value growth rates is the City comfortable with?
- Implications if taxable value growth rate projections are not met

Bond Interest Rates

- Initial series can be finalized using actual interest rates
- Multi-series issuance requires use of estimated interest rates on future series
- Implications if interest rates increase greater than estimates

Legal Structuring Limits

- Bond issuances have legal structuring limitations under Act 34 of 2001
- Reduction in years and/or increase in the amount issued in first series will pressure the ability to comply with legal structure limitations



Two vs. Three Series Approach in Issuing \$120,000,000

- The City's initial approach considered issuing two series of bonds:
 - \$40,000,000 in spring 2026;
 - \$80,000,000 in spring 2028
- Within reasonable assumptions (related to taxable value growth and bond interest rates), issuing the entire authorization (\$120,000,000) within an annual projected levy of 1.00 mill in one series (2026) was/is not feasible.
- New Plan of Finance features three series of bonds (2026, 2027, 2028):
 - \$35,000,000 in May 2026;
 - \$40,000,000 in May 2027;
 - \$45,000,000 in May 2028
- Three series approach allows the City to accelerate projects to 2027 (rather than waiting until 2028) and to best align bond issuances with project timing / cashflow needs as determined the City and Plante Moran Realpoint (PMR)



Updated Plan of Finance

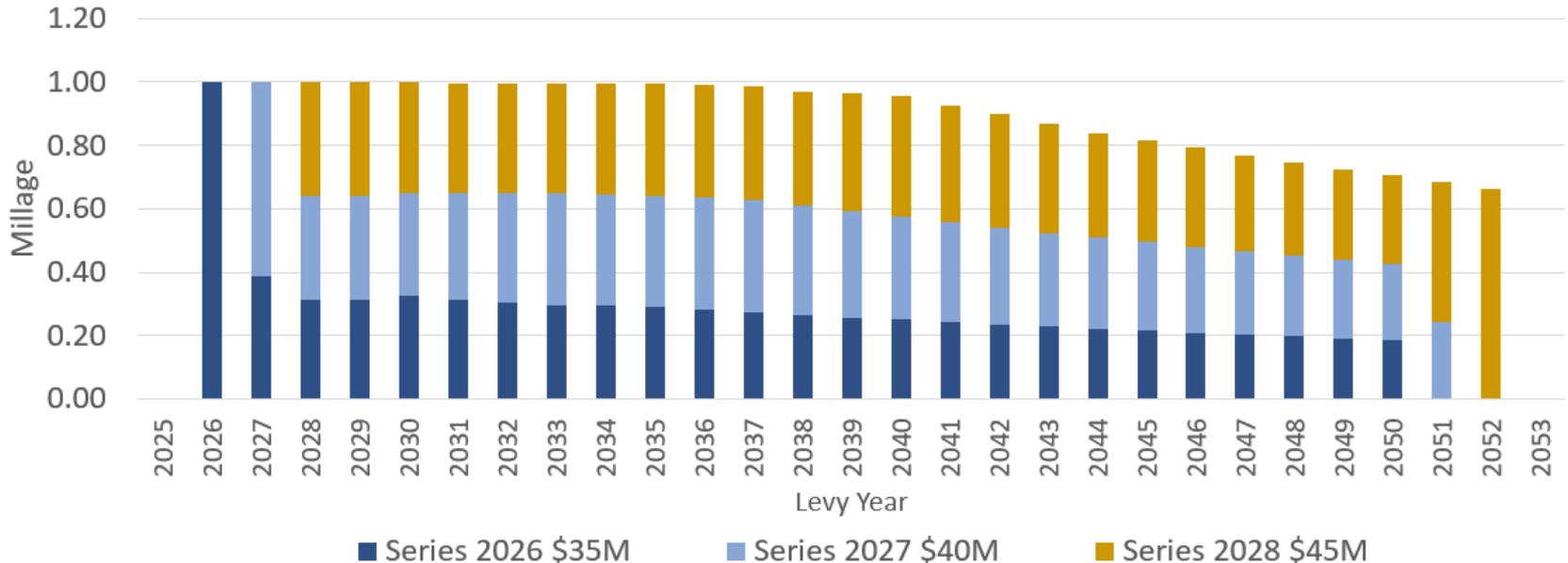
- Below is a summary of the updated three-series bond program scenarios for the City's \$120,000,000 August 2025 voter authorization **AT CURRENT MARKET RATES**

Scenario Table No.	Taxable Value Growth		Bond Amount	Bond Term	Estimated Total Interest Cost	Estimated Interest Rate
	2026-2029	Thereafter				

Plan of Finance

Series 2026			\$35,000,000	25 yrs., 0 mo.	\$20,023,403	4.05%
Series 2027			40,000,000	25 yrs., 0 mo.	25,376,288	4.05%
Series 2028			45,000,000	25 yrs., 0 mo.	33,212,050	4.10%
Total	4.00%	3.00%	\$120,000,000		\$78,611,740	

City of Novi – Millage Projection - \$120,000,000 at 1 mill





Historical Taxable Value Growth History

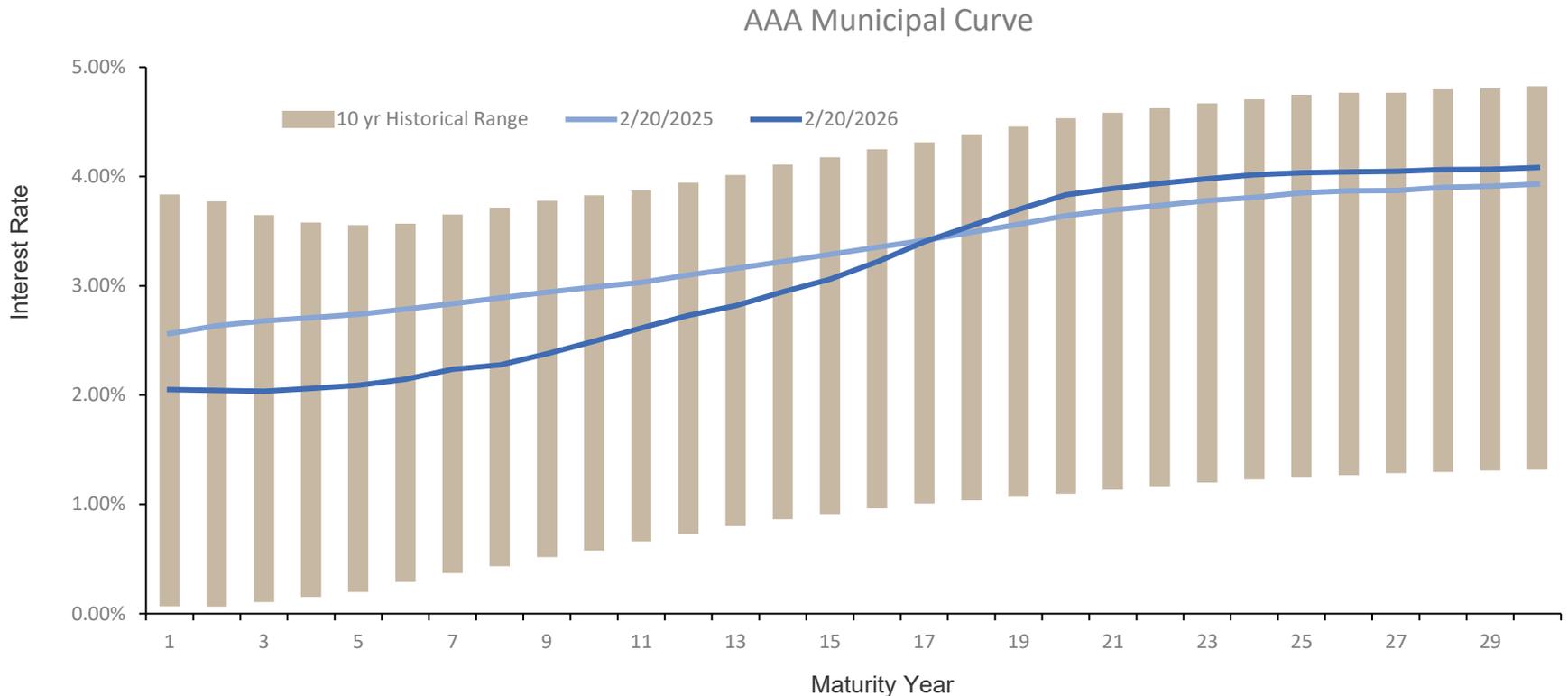
- The City's historical taxable value growth rates are provided to the right.
- A reduction in CPI will impact future taxable value growth rates, as will home sales, new construction, etc.
- Bulletin 14 of 2025 has determined that the inflation rate for 2026 will be 2.70% (was 5.00% in 2024, 3.10% in 2025)

CITY OF NOVI Taxable Value History				
Levy Year	Taxable Value	T.V. Change	5 Year Average	20 Year Average
2025	\$5,222,777,180	5.24%	5.28%	2.75%
2024	4,962,920,898	6.75%	5.20%	2.83%
2023	4,649,264,350	5.60%	4.99%	2.90%
2022	4,402,609,530	4.86%	5.00%	
2021	4,198,690,199	3.96%	4.79%	
2020	4,038,736,310	4.82%	4.73%	
2019	3,852,942,000	5.69%	4.65%	
2018	3,645,653,370	5.67%	4.17%	
2017	3,450,116,990	3.82%	3.39%	
2016	3,323,044,630	3.66%	2.23%	
2015	3,205,569,930	4.39%	0.09%	
2014	3,070,872,210	3.32%	(2.75)%	
2013	2,972,081,580	1.77%	(3.57)%	
2012	2,920,333,650	(1.99)%	(3.75)%	
2011	2,979,611,480	(7.02)%	(2.24)%	
2010	3,204,568,440	(9.86)%	0.88%	
2009	3,554,943,630	(0.77)%	4.21%	
2008	3,582,448,240	0.90%	6.02%	
2007	3,550,406,740	5.54%		
2006	3,364,061,500	8.56%		
2005	3,098,817,810	6.84%		
2004	2,900,548,534	8.26%		
2003	2,679,216,000			



Tax-Exempt Municipal Interest Rate Movements

- ◆ The City's bonds will price with a spread to the high-grade AAA municipal yield curve (BVAL). Depending on the maturity, it is estimated that the City's 2026 Bonds will price between 0.05% to 0.30% (on a yield to call basis) to the municipal curve.
- ◆ The table below shows a 10-year history of the AAA municipal interest rate yield curve for 1 through 30-year maturities, along with the rates as of February 20th as well as 1 year prior.





Municipal Interest Rate Movements

AAA BVAL Rate Movement for the Past 3 Months

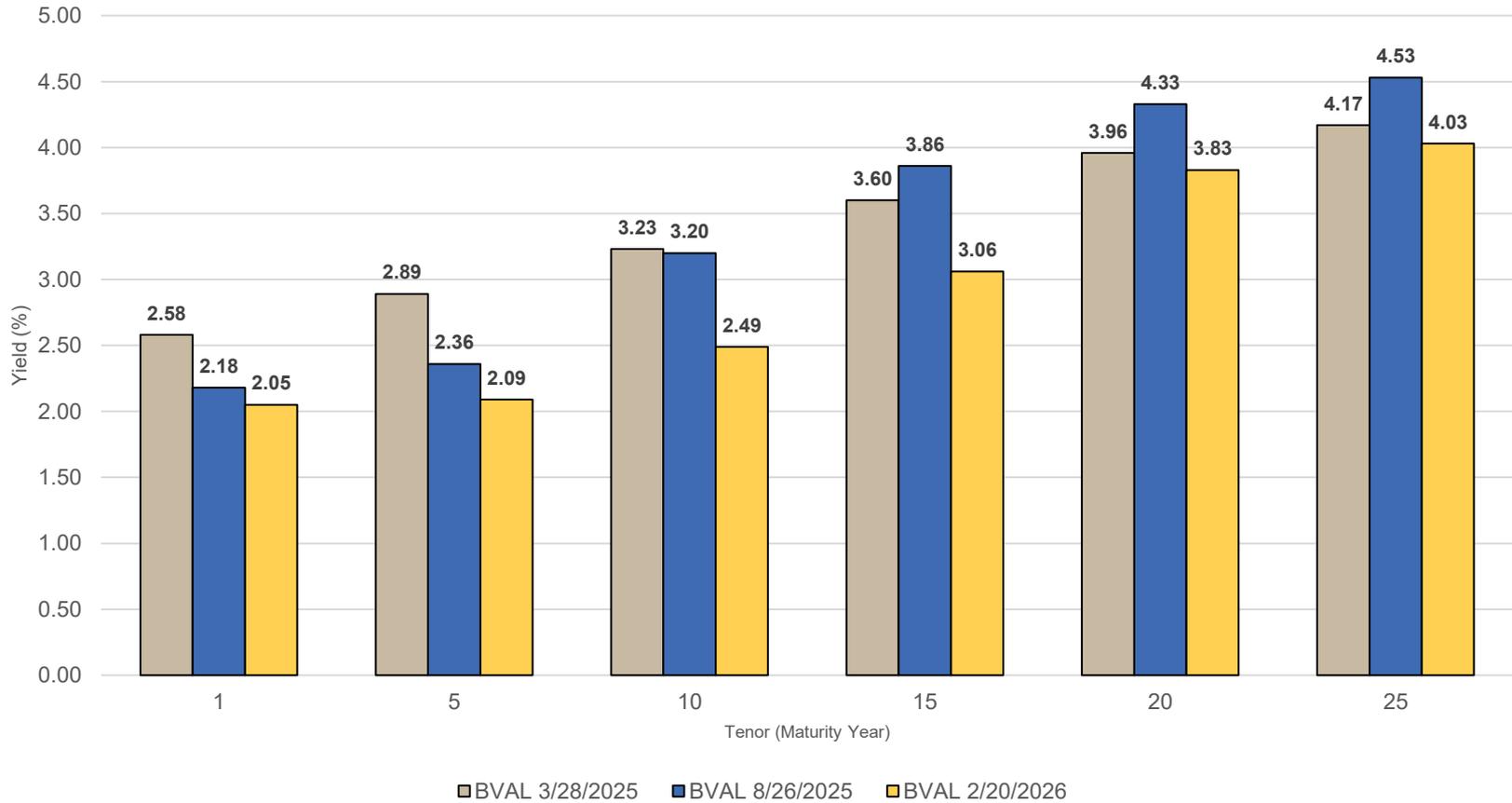
Maturity Year	AAA Tenor	Date & Weekday																				Total Δ	2/20 Rate	
		11/21	11/28	12/5	12/12	12/19	12/26	1/2	1/9	1/16	1/23	1/30	2/6	2/9	2/10	2/11	2/12	2/13	2/17	2/18	2/19			2/20
		Fri	Fri	Fri	Fri	Fri	Fri	Fri	Fri	Fri	Fri	Fri	F	M	T	W	T	F	T	W	T			F
1	2.51	-1	0	0	-2	-1	0	-14	-8	0	-2	-10	0	-3	-1	-2	-1	-1	0	0	0	-46	2.05	
2	2.46	-1	0	0	-2	-1	0	-14	-6	1	-3	-9	-1	-2	0	-2	-1	-1	0	0	0	-42	2.04	
3	2.39	-1	0	0	-1	-1	-1	-12	-5	2	-3	-7	0	-3	0	-1	-2	0	-1	0	0	-36	2.03	
4	2.39	-1	0	0	-1	-1	-1	-11	-6	3	-3	-6	0	-2	0	-2	-1	-1	0	0	0	-33	2.06	
5	2.39	-1	1	-1	-1	0	-1	-11	-4	3	-2	-6	0	-3	0	-2	-1	-1	0	0	0	-30	2.09	
6	2.42	0	0	-1	-1	0	-1	-11	-3	5	-3	-5	-1	-2	0	-2	-2	0	-1	0	0	-28	2.14	
7	2.49	0	0	0	-1	-1	0	-11	-4	6	-3	-4	0	-2	-1	-2	-1	-1	0	0	0	-25	2.24	
8	2.53	-1	1	0	-1	-1	0	-11	-3	6	-3	-5	0	-2	0	-2	-2	-1	0	0	0	-25	2.28	
9	2.62	0	1	-1	-1	0	-1	-11	-2	6	-3	-4	-1	-2	0	-2	-2	-1	0	0	0	-24	2.38	
10	2.72	0	1	0	-1	-1	-1	-11	-2	7	-4	-3	0	-2	0	-2	-2	-1	0	-1	0	-23	2.49	
11	2.84	0	1	0	-1	-1	0	-11	-3	7	-3	-3	0	-2	-1	-2	-1	-2	0	0	-1	-23	2.61	
12	2.96	-1	2	-1	-1	-1	0	-11	-2	7	-3	-3	0	-3	0	-2	-1	-2	-1	0	0	-23	2.73	
13	3.06	0	1	0	-1	-1	0	-11	-2	5	-3	-4	1	-2	-1	-2	-1	-2	-1	0	0	-24	2.82	
14	3.17	0	2	-1	-1	-1	0	-10	-3	6	-4	-2	1	-2	-1	-2	-1	-2	-1	0	-1	-23	2.94	
15	3.26	0	2	0	-1	-1	0	-11	-2	8	-4	-2	0	-2	0	-2	-1	-3	0	-1	0	-20	3.06	
16	3.37	0	3	0	-1	0	0	-10	-2	8	-3	-1	0	-2	0	-2	-2	-2	0	-1	0	-15	3.22	
17	3.53	-1	3	1	0	-1	0	-8	-1	6	-2	-2	1	-2	0	-2	-2	-2	0	-1	0	-13	3.40	
18	3.63	-1	4	1	0	0	0	-7	-1	7	-2	-2	1	-2	0	-2	-1	-2	-1	0	0	-8	3.55	
19	3.73	0	3	3	-1	1	0	-6	0	6	-1	-1	0	-1	0	-2	-1	-2	-1	0	0	-3	3.70	
20	3.82	-1	4	3	0	1	0	-4	-1	7	0	-1	0	-1	0	-2	-1	-2	-1	0	0	1	3.83	
21	3.87	-1	5	2	0	1	0	-4	0	6	0	-1	1	-1	0	-2	-1	-2	-1	0	0	2	3.89	
22	3.91	0	4	3	0	0	1	-4	-1	7	-1	-1	2	-1	0	-2	-1	-2	-1	0	0	3	3.94	
23	3.95	0	4	3	0	1	0	-4	-1	7	0	-2	2	-1	0	-2	-1	-2	-1	0	0	3	3.98	
24	3.99	-1	5	3	0	0	1	-5	0	7	-1	-1	1	0	0	-2	-1	-2	-1	0	0	3	4.02	
25	3.99	0	4	3	0	1	0	-4	-1	9	-1	-1	1	0	0	-2	-1	-2	-1	-1	0	4	4.03	
26	4.00	0	4	4	0	0	0	-4	0	8	-1	-1	1	0	0	-2	-1	-2	-1	-1	0	4	4.04	
27	4.01	0	4	3	0	1	0	-4	-1	9	-1	-1	1	-1	0	-1	-2	-2	-1	0	0	4	4.05	
28	4.03	-1	5	3	0	0	1	-5	0	8	-1	-1	2	-1	0	-2	-1	-2	-1	-1	0	3	4.06	
29	4.04	-1	5	3	0	0	0	-4	-1	9	-1	-1	1	-1	0	-1	-2	-2	-1	0	-1	2	4.06	
30	4.06	-1	5	3	0	0	0	-4	-1	9	-1	-2	2	-1	0	-1	-2	-2	-1	-1	0	2	4.08	

Week of



Municipal Interest Rate Spot Comparisons

AAA TE Spot Yields (BVAL)



Source: Bloomberg



Bond Issuance / Sale Process Outline

◆ We have provided below a basic outline of the financing timeline for the initial series of bonds.



Method of Sale Determined



Issue RFP for Underwriting Services / Receive & Tabulate Bids / Appoint Underwriter



Bond Specifications Provided to Bond Counsel

Feb 23

City Council considers Bond Authorizing Resolution (prepared by MCPS)

Early Mar.

Prepare Preliminary Official Statement and hold due diligence call to review

Mid-Mar.

Apply for rating, call with rating agency, and receive bond rating

Early April

Preliminary Official Statement published

Mid/Late April

Bond Sale / Pricing - Interest Rates and Bond Amount Finalized

Early May

Final Official Statement prepared and published / closing documents prepared

Mid/Late April

Bond Closing – City Receives Bond Proceeds

Questions?

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